

REMARKSSummary of Office Action

Claims 1-42 are pending in the application. The Examiner has rejected claims 1, 4-13, 15, 18, 21, 25-28, 31, 33-34, 38-40, and 42 under 35 U.S.C. § 112, ¶ 2. Claims 1-12, 14-33 have been rejected under 35 U.S.C. § 101. Claims 1-42 have been rejected under 35 U.S.C. § 102(e).

Abstract of the Disclosure

The Examiner has indicated that application does not contain an abstract of a disclosure. Applicants note that the present application results from International Application number PCT/US 99/06384, which was filed with the United States PTO on March 23, 1999. The International Application, as filed, included an abstract of the disclosure on a separate sheet, as evidenced by the post-card attached as Exhibit A hereto. The applicants' attorneys received the post card from the PTO as a confirmation of the PTO's receipt of the International Application. A copy of the abstract, as submitted on March 23, 1999, is attached hereto as Exhibit B.

Rejection Under 35 U.S.C. § 112 ¶ 2

Applicants thank the Examiner for the detailed review of the claims and the suggestions the Examiner has made to clarify the claim language. Applicants have amended the claims to more clearly describe and recite the claimed subject matter. These amendments are believed to resolve the Examiner's rejections under § 112 as well as the objections based on certain claim informalities.

Rejection Under 35 U.S.C. § 101

The Examiner has rejected claims 1-12 and 14-33 under 35 U.S.C. § 101 because “they lack any reference to technology.” Applicants respectfully traverse the rejection. In 35 U.S.C. § 101, Congress has defined patentable subject matter as “any new and useful process, machine, manufacture, or composition of matter.” “Process,” in turn, is defined as “process, art or method.” 35 U.S.C. § 100(b) (emphasis supplied). Rejected claims 1-12 and 14-17, as amended, are all direct to a “method of allocating a divisible resource.” As a method, these claims fall within the plain language of 35 U.S.C. § 101. Claims 18-33, as amended, are all directed to “an apparatus for allocating a divisible resource” which a machine, manufacture, and composition of matter. As such, these claims also fall within the plain language of 35 U.S.C. § 101. Because the rejected claims are within the language of the statute, they are statutory subject matter unless one of the judicially-created exceptions to § 101 applies. *See State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1372-73 (Fed. Cir. 1998) (“The repetitive use of the expansive term ‘any’ in § 101 shows Congress’s intent not to place any restrictions on the subject matter for which a patent may be obtained beyond those specifically recited in § 101 . . . Thus, it is improper to read limitations into §101 on the subject matter that may be patented where the legislative history indicated that Congress clearly did not intend such limitations”). The Federal Circuit and the Supreme Court have recognized only three exceptions to the broad language of § 101: (1) laws of nature, (2) natural phenomena, and (3) abstract ideas. *See State Street Bank*, 149 F.3d at 1373. None of these exceptions is applicable to the rejected claims. In *State Street Bank*, the Federal Circuit held that “the question of whether a claim encompasses statutory subject matter should . . . focus on . . . the essential characteristics of the

subject matter, in particular, its practical utility.” 149 F.3d at 1375. Here, the claims fall within at least one of the categories of statutory subject matter set-forth in 35 U.S.C. § 101, and are directed to a method and system of allocating a divisible resource, which is clearly a useful, concrete and tangible result having practical utility. Accordingly, the claims are directed to statutory subject matter.

The Examiner, relying on the non-precedential opinion of *Ex parte Bowman* (61 U.S.P.Q.2d (BNA) 1669) argues that “the Board of Patent Appeals has taken the position that for claims to satisfy the statutory requirement of 35 U.S.C. § 101, they must claim some form of technology, i.e. a computer or the like.” However, even if the Board’s holding in *Ex parte Bowman* were precedential and good law (which seems unlikely in light of the Federal Circuit’s opinion in *State Street Bank*), the case is clearly distinguishable. In *Ex part Bowman*, the rejection was based on the fact that “neither the specification nor the claims discuss the use of any technology.” Here, the application includes numerous disclosures to the use of “technology” including computers, computer processors, computer memory, computer files, software, and computer networks. *See e.g.*, p. 6, ln. 18-p. 7, ln. 23; p. 20, ln. 11 - p. 22, ln. 6; Fig. 10. Further, if the Examiner’s reading of *Ex parte Bowman* were correct, no “business method” claim could be statutory subject matter; however, the Federal Circuit has clearly repudiated any “business method exception” to patentability under § 101. *See State Street Bank*, 149 F.3d at 1375 (“the court relied on the judicially-created, so-called ‘business method’ exception to statutory subject matter. We take this opportunity to lay this ill-conceived exception to rest.”).

For these reasons, applicants respectfully traverse the Examiner’s rejections under 35 U.S.C. § 101 and reconsideration is requested.

Rejections Under 35 U.S.C. § 102(e)

The Examiner has rejected claims 1-42 under 35 U.S.C. § 102(e) as being anticipated by U.S. Patent No. 5,905,975 to Ausubel ("Ausubel"). Applicants respectfully traverse this rejection.

Independent claim 1, as amended, is directed to a method for allocating a divisible resource. The claim requires, among other things, receiving a "new" bid, allocating a first portion of the resource to a bid having a higher price quotation than the new bid, allocating a second portion of the resource to the new bid, and calculating the new bid's cost as a function of the price of a bid having a lower price quotation than the new bid. This method makes it possible to allocate a divisible resource on a nearly continuous basis to any newly received bid, while charging the entity that submitted the newly received bid a price that is less than its bid price. For example, a particular ISP's premium/reserved bandwidth may be completely allocated to a set of earlier bidders. A new bidder, desirous of utilizing a portion of that previously-allocated bandwidth, can submit a bid specifying a bandwidth quantity desired and a price for that bandwidth. If the price of the new bid exceeds the bid price of a prior bidder that is currently allocated a portion of the bandwidth, the requested bandwidth could be allocated to that new bidder. The price charged to the new bidder would be a function of the price offered by the bidder that has been displaced by the new bidder. In some cases, the new bidder would be charged an amount equal to its bid price, but, advantageously, the bidder may be charged less than its bid price if the displaced entity had submitted a bid lower than the new bid. No such method is disclosed or suggested in the portions of the Ausubel reference cited by the Examiner.

The system and method disclosed in columns 11 and 12 of the Ausubel reference, which is the disclosure the Examiner has applied to the present claims, allows for computerized bidding whereby the seller/auctioneer transmits a “message” consisting of an offered quantity and price. (11:5-8). In response to these messages, bidders input “bidding rules” for the currently-offered price and/or subsequent prices. (11:8-13). Then “at a given time” the seller/auctioneer “queries” the database of received bidding rules to determine the total quantity demanded at the presently offered price. (11:36-38). The seller then revises the offered quantity or price until the market clears (i.e. the quantity demanded at the offered price equals the quantity offered at that price). (11:44-46; 12:7-19). In this system, no “allocation” of the resource is made until all bidding and quarrying rounds are completed. There is no provision for continuous reallocation of the resource at auction. Moreover, the cost to the bidders (i.e. the price ultimately paid by the bidders), is the most recent price offered by the auctioneer at which the market cleared, and does not depend on bids submitted that led to prior allocations (because there are no “prior allocations” in the Ausubel Reference). Moreover, all bidders pay an identical price, rather than having each successful bidder’s cost calculated as a function of the price bid by other bidders.

Accordingly, the Ausubel reference fails to disclose or suggest at least the step of “calculating said new bid’s cost as a function of said price data component of at least one of said at least one bid having a price component lower than said price component of said new bid” because every bidder’s cost in the Ausubel reference is identical and equals the price offered by the seller/auctioneer at which the market clears. Indeed, there is no need for such a calculation in

the Ausubel reference because the market clearing price is determinative of each bidder's cost.

For at least this reason, claim 1 patentably distinguishes over the Ausubel reference.

Because claim 1 patentably distinguishes over the prior art of record, claims 2-17, which depend therefrom, are allowable as well.

For reasons similar to those discussed with respect to claim 1, the "means for calculating" of independent claim 18 and the "processor" of claim 34, which "calculates said new bid's cost as a function of said price component of at least one of said at least one first bid," are missing in the Ausubel reference. Accordingly, claims 18 and 34 also patentably distinguish over this prior art.

Because claim 18 patentably distinguishes over the prior art of record, claims 19-33, which depend therefore, are allowable as well. Similarly, claims 36-42, which depend from claim 34, are also allowable.

PATENT

In light of the foregoing, applicants respectfully urge allowance of claims 1-42  
and the passage of the application to issue.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Paul A. Ragusa', written over a horizontal line.

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